

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (ie., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

Questions specific to this Technical Information Release should be directed to the New Hampshire Department of Revenue Administration, Audit Division, 45 Chenell Drive, Concord, NH 03301 or (603) 271-2580.

The purpose of this information release is to advise taxpayers and tax preparers of changes to the interest rates established by RSA 21-J:28 for calendar year 1999. Questions should be directed to the Taxpayer Assistance section, (603) 271-2186

NEW INTEREST RATES SET

The interest rates for calendar year 1999 are established by RSA 21-J:28. Effective January 1, 1999 through December 31, 1999, the State of New Hampshire interest rates, applicable on taxes administered by the Department of Revenue Administration, will be as follows:

Interest paid on underpayment of tax 10%
Interest paid on overpayment of tax 7%

These interest rates will apply to the number of days the payment remains unpaid or the refund is owed during 1999. The rate for the period January 1, 1998 through December 31, 1998 is 11% for underpayments and 8% for overpayments. Any period prior to January 1, 1998 remains at 15% for under payments and 10% for overpayments.

The New Hampshire statutes governing interest rates were amended in 1995 [CH 268] to require that starting on January 1, 1998, and determined annually thereafter, the New Hampshire interest rates would be based upon the rates set by the federal government under Internal Revenue Code § 6621(a)(2). RSA 21-J:28, II provides that the "annual underpayment rate" is tied to the underpayment rate specified in the Internal Revenue Code of 1986, as in effect on the September 1 immediately preceding such calendar year, plus 2 percentage points. RSA 21-J:28, III provides that the "overpayment rate" (the interest rate paid on refunds) is to be 3 percentage points less than the rate set in paragraph II, which is the federal interest rate on underpayments, less 1 percentage point.

The underpayment rate specified in the Internal Revenue Code §6621 (a)(2) for the period from July 1, 1998 through September 30, 1998 is 8%. Therefore, the New Hampshire interest rates for 1999 are 10% for underpayment of tax and 7% for an overpayment of tax.